

JUN 21 1956

LISTED APRIL 3rd, 1956
600,000 shares of \$5.00 par value
Ticker abbreviation GNY
Post section 11

TORONTO STOCK EXCHANGE

LISTING STATEMENT

THE GRANBY CONSOLIDATED MINING
SMELTING AND POWER COMPANY LIMITED

Special Act of the Legislature of the Province of British Columbia on March 29th, 1901

1. Address of the Company's Head Office and of any other offices:

1111 West Georgia Street, Vancouver, B.C.,
Copper Mountain, B.C.,
165 Broadway, New York, N.Y., U.S.A.

2. Officers of the Company:

OFFICE HELD	NAME	ADDRESS	OCCUPATION
President	Lawrence Taft Postle	6051 Collingwood, Vancouver, B.C.	Mining Engineer
Vice-President	Robert M. MacRae	1604 Exchange Building, Seattle, U.S.A.	Investment Dealer
Treasurer	Adrian S. Baillie, Jr.	Copper Mountain, B.C.	Accountant
Assistant Treasurer	William G. Gourlay	3835 W. King Edward, Vancouver, B.C.	Purchasing Agent
Secretary	Julian B. Beaty, Jr.	165 Broadway, New York N.Y., U.S.A.	Attorney
Assistant Secretary	M. V. Maher (Miss)	165 Broadway, New York N.Y., U.S.A.	Secretary
General Manager	John A. C. Ross	Copper Mountain, B.C.	Mining Engineer

3. Directors of the Company:

NAME	ADDRESS	OCCUPATION
Julian B. Beaty, Jr.	165 Broadway, New York, N.Y., U.S.A.	Attorney
Charles K. Guild	470 Granville Street, Vancouver, B.C.	Barrister and Solicitor
Alfred H. Hauser	30 Broad Street, New York, N.Y., U.S.A.	Banker
William George Lane	470 Granville Street, Vancouver, B.C.	Barrister and Solicitor
Robert M. MacRae	1604 Exchange Building, Seattle, U.S.A.	Investment Dealer
Joseph S. Nye	44 Wall Street, New York, N.Y., U.S.A.	Investment Advisor
Lawrence Taft Postle	6051 Collingwood, Vancouver, B.C.	Mining Engineer
John A. C. Ross	Copper Mountain, B.C.	Mining Engineer
Norman R. Whittall	424 Burrard Street, Vancouver, B.C.	Investment Dealer

4. Names and addresses of all transfer agents:

National Trust Company Limited, 14 King Street East, Toronto, Ont.
Chemical Corn Exchange Bank, 30 Broad Street, New York 13, N.Y., U.S.A.
The Granby Consolidated Mining Smelting and Power Company Limited, 1111 West Georgia Street,
Vancouver, B.C.

5. Particulars of any fee charged upon transfer other than customary government taxes: None.

6. Names and addresses of all registrars:

The Canada Trust Company, 110 Yonge Street, Toronto, and 536 Howe Street, Vancouver, B.C.
Chase Manhattan Bank, 11 Broad Street, New York 15, N.Y., U.S.A.

7. Amount of authorized capital: Nil.

8. Number of shares and par value: 600,000, having a par value of \$5.00 each.

9. Total number of shares issued: 452,260.65.

10. Number of shares now in treasury or otherwise unissued: 147,739.35.

11. Particulars of any issued shares held in trust for the Company or donated for treasury purposes: None.

12. Date of last annual meeting: April 19th, 1955.

13. Date of last report to shareholders: December 31st, 1954.

This listing statement is a copy of the listing application made by the applicant company. The Exchange has received no consideration in connection with the issue of this listing statement other than the customary listing fee. The papers and exhibits submitted by the applicant company in support of the listing application are open for inspection at the general office of the Exchange.

<p>14. Details of any treasury shares (or shares issued subject to payment or shares held for the benefit of the treasury) now under option or the subject of any underwriting or sales agreement. If none, this to be stated.</p>	<p>By agreement dated January 1st, 1955, the Company granted an option to Lawrence Taft Postle to purchase 10,000 shares of unissued stock at \$8.50 per share exercisable on 2,000 shares on or before December 31, 1955, and on 2,000 additional shares in each of the successive years 1956, 1957, 1958 and 1959, provided he is in the employ of the Company at the time each option is exercised, and further provided that if he resigns or ceases to be employed by the Company between January 1st, 1955, and December 31st, 1959, his right to exercise any option which has not been exercised at the time of resignation or ceasing to be so employed shall expire. Any option not exercised during the specified year becomes void. Mr. Postle exercised his option on the first 2,000 shares and the said agreement is presently applicable to 8,000 shares.</p>
<p>15. Details of any shares pooled, deposited in escrow, non-transferable or held under any syndicate agreement or control.</p>	<p>None.</p>
<p>16. Details of any registration with or approval or authority for sale granted by or any filing with a Securities Commission or corresponding Government body.</p>	<p>Securities Exchange Commission, Washington, D.C., U.S.A. Superintendent of Brokers, Victoria, B.C.</p>
<p>17. Has any application for registration with or approval or authority for sale by or any filing with a Securities Commission or corresponding Government body ever been refused, cancelled or revoked? If so, give particulars.</p>	<p>No.</p>
<p>18. Particulars of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.</p>	<p>None.</p>
<p>19. Enumerate fully, giving claim or property numbers, approximate acreage, townships and mining camp or oil field:</p> <p>(a) Properties owned where titles vested in Company.</p> <p>(b) Properties leased.</p> <p>(c) Properties otherwise held.</p> <p>Give particulars of title held by the Company in each instance (e.g. patented, unpatented, Crown granted, held under mining license, perpetual lease, etc.)</p>	<p>Approximately 100 Crown Granted claims covering an estimated area of 3,500 acres located at Allenby and Copper Mountain, Similkameen Division, Yale District, British Columbia; Mine is 12 miles from main railway line at Princeton, B.C.; mill, 4 miles; railway line connects mine and mill; Company has rights under numerous options covering Recorded mineral claims, Crown Granted mineral claims and Mine Leases which are located at various places throughout British Columbia.</p>
<p>20. Full particulars of any royalties or other charges payable upon production from each individual property.</p>	<p>None.</p>
<p>21. Are any lawsuits pending against the Company or any of its properties, or are there any other circumstances which might affect the Company's position or title adversely? If so, explain fully.</p>	<p>No.</p>
<p>22. Describe plant and equipment on property.</p>	<p>Power plant and concentrator having daily capacity of 5,500 tons. Housing facilities for employees and their families.</p>

23. Describe development accomplished and planned.	The mine is developed by eight levels to a vertical depth of 1,600 feet and by a haulage added at 200 feet. Further development work is currently in progress and it is planned to extend the scope of the operations latterly.
24. Date and author of mining engineer's or petroleum geologist's report filed with this application and available for inspection on request.	See Annual Report to Shareholders dated December 31st, 1954.
25. Full particulars of production to date.	From date of incorporation to December 30th, 1950—61,332,822 tons; 1951— 1,741,456 tons; 1952— 1,697,629 tons; 1953— 1,810,378 tons; 1954— 1,871,862 tons; 1955— 1,968,409 tons.
26. Have any dividends been paid? If so, give date, per share rate, and amount paid in dollars on each distribution.	From date of incorporation to December 31st, 1950—\$13,828,723.60; 1951 to 1955, both inclusive, dividend rate has been 50 cents per share and distributions have totalled during the period aforesaid \$225,116.05 annually.
27. Name and address of the solicitor or attorney whose certificate that the applicant is a valid and subsisting company and that the shares which have been allotted and issued were legally created and are fully paid and non-assessable has been filed with the Exchange.	William George Lane, Guild Yule, Lane & Collier, 701 Rogers Building, 470 Granville Street, Vancouver, B.C.
28. (a) Have any shares of the Company ever been listed on any other stock exchange? If so, give particulars. (b) Is any application for listing the shares of the Company on any other stock exchange now pending or contemplated? If so, give particulars. (c) Has the listing of any shares of the Company ever been refused or deferred on any stock exchange? If so, give particulars.	New York Stock Exchange. Vancouver Stock Exchange. No. No.
29. Particulars of the principal business in which each director has been engaged during the past five years, giving the length of time, position held and name of employing company or firm.	JULIAN B. BEATY, JR.—Attorney, member of the firm of Reeve, Todd, Ely & Beaty. CHARLES K. GUILD—Barrister and Solicitor, member of the firm of Guild, Yule, Lane & Collier. ALFRED H. HAUSER—Banker, Vice-President of Chemical Corn Exchange Bank. WILLIAM GEORGE LANE—Barrister and Solicitor, member of firm of Guild, Yule, Lane & Collier. ROBERT M. MACRAE—Investment Dealer, operating sole proprietorship under name Robert M. MacRae. JOSEPH S. NYE—Investment Advisor, member of firm of Cosgrave, Miller & Whitehead. LAWRENCE TAFT POSTLE—President, Vice-President and General Manager, The Granby Consolidated Mining Smelting and Power Company Limited. JOHN A. C. ROSS—Superintendent and General Manager, The Granby Consolidated Mining Smelting and Power Company Limited. NORMAN R. WHITTALL—Investment Dealer, Norman R. Whittall Ltd.

Dated at Vancouver, B.C., the 16th day of February, 1956.



THE GRANBY CONSOLIDATED MINING SMELTING AND
POWER COMPANY LIMITED

"L. T. POSTLE", *President*.

FINANCIAL STATEMENTS

THE GRANBY CONSOLIDATED MINING, SMELTING AND POWER COMPANY, LIMITED,
AND WHOLLY-OWNED SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET — DECEMBER 31, 1955

ASSETS

CURRENT ASSETS:

Cash in banks and on hand.....		\$2,468,658.51
Government of Canada bonds, at par (approximate market value, \$405,250.00):		
Maturing October 1, 1957, at 2%.....	\$ 400,000.00	
Maturing January 1, 1959, at 3%.....	13,000.00	
	<u>413,000.00</u>	
Accounts receivable.....		24,417.20
Copper in concentrates at smelter and in transit (estimated) at net selling prices under contracts of sale.....		1,016,181.25
Materials, supplies and store merchandise, at approximate cost (<i>Note 1</i>).....		480,119.47
Prepaid expenses.....		36,157.34
		<u>4,438,533.77</u>
TOTAL CURRENT ASSETS.....		

INVESTMENTS IN SHARES OF OTHER COMPANIES:

Granduc Mines, Limited (Non-Personal Liability), 500,000 shares, at cost (<i>Note 2</i>).....	\$ 653,419.20	
Rio Blanco Copper Corporation, Limited, at estimated value.....	5,000.00	
Other shares, at nominal value.....	1.00	
	<u>658,420.20</u>	

MINE AND MINERAL LANDS.....	\$2,012,280.25	
Less allowance for depletion.....	2,004,407.36	
	<u>7,872.89</u>	

REAL ESTATE, BUILDINGS, PLANT AND EQUIPMENT (<i>Note 3</i>).....	\$5,887,845.88	
Less allowance for depreciation.....	5,651,481.03	
	<u>236,364.85</u>	

EXPLORATION AND DEVELOPMENT EXPENDITURES OF U.S. SUBSIDIARY, less allowance on inactive properties.....		53,099.16
		<u>\$5,394,290.87</u>

NOTES:

- (1) The materials, supplies and store merchandise would be usable or saleable in the ordinary course of continuing operations. No provision has been made for any loss which may be sustained on realization of the materials, etc., remaining when operations cease at Allenby and Copper Mountain; Company officials consider, however, that any such loss would be more than offset by a realization of fixed assets in excess of net book values.
- (2) Under the terms of an agreement dated October 26, 1953, the Company has options to acquire 1,049,995 unissued shares in Granduc Mines, Limited, at various prices and on various dates to December 31, 1958; the Company also has options to purchase 240,000 of the outstanding shares issued in payment for the properties. Participation in approximately one-half of such options has been assigned to another corporation. The Company's equity in the net assets of Granduc Mines, Limited (Non-Personal Liability) as shown by its audited balance sheet at December 31, 1955, was \$613,535.00.
- (3) The gross amounts of mine, real estate, buildings, plant and equipment are stated on the basis of a valuation established by the Company in 1926, plus subsequent additions at cost.
- (4) The Board of Directors has granted the President of the Company options to purchase up to 10,000 shares of its unissued capital stock at \$8.50 per share. 2,000 of such shares have been purchased and the remaining options are exercisable for the purchase of 2,000 shares at any time prior to December 31 in each of the years 1956 through 1959 on condition of continuation of employment with the Company during the year in which each option is exercisable.
- (5) The balance sheet is expressed in Canadian currency, United States dollar items having been converted at the approximate rate of exchange prevailing at December 31, 1955.

LIABILITIES

CURRENT LIABILITIES:

Accounts payable, trade.....	\$ 228,268.55
Accrued payrolls and vacations.....	144,695.87
Provision for smelting, converting and refining.....	118,974.03
Other accounts payable.....	27,020.62
Provision for mining tax, less instalments paid.....	31,054.98
Provision for income taxes, less instalments paid.....	139,499.34

TOTAL CURRENT LIABILITIES.....	\$ 689,513.39
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CAPITAL STOCKS (*Note 4*):

Authorized—600,000 shares, par value \$5.00 per share.	
Issued and outstanding—452,260.65 shares.....	\$2,261,303.25

SURPLUS (per accompanying statement):

Capital surplus.....	\$ 333,349.84	
Earned Surplus.....	2,110,124.39	
	<u>2,443,474.23</u>	
		4,704,777.48
		<u>\$5,394,290.87</u>

Signed on behalf of the Board: "L. T. POSTLE", *Director*.

"ROBERT M. MACRAE", *Director*.

STATEMENT OF CONSOLIDATED INCOME
Year Ended December 31, 1955, with Comparative Figures for 1954

	1955	1954
Copper production (lbs.).....	<u>21,408,942</u>	<u>24,655,851</u>
Value of copper production.....	\$7,899,305.05	\$7,406,095.18
Cost of copper production:		
Production and marketing.....	\$6,769,699.91	\$6,627,174.03
Deduct gold and silver values.....	<u>367,642.57</u>	<u>421,262.77</u>
	\$6,402,057.34	\$6,205,911.26
Administration.....	\$143,468.34	\$117,362.02
Fire and other insurance and property taxes.....	59,496.07	64,364.54
Province of B.C. mining tax.....	<u>81,054.98</u>	<u>34,072.26</u>
	284,019.39	215,798.82
COST OF COPPER PRODUCED.....	\$6,686,076.73	\$6,421,710.08
OPERATING PROFIT.....	\$1,213,228.32	\$ 984,385.10
Add net gain (loss in 1954) on U.S.A. exchange.....	15,555.25	186,534.75
OPERATING PROFIT IN CANADIAN CURRENCY	\$1,228,783.57	\$ 797,850.35
Outside exploration, including allowance for expenditure on properties now inactive.....	177,103.06	72,384.67
	\$1,051,680.51	\$ 725,465.68
Other Income:		
Interest, less (in 1955) premium of \$2,236.00 on purchase of bonds (\$55.00 profit in 1954).....	\$ 3,244.52	\$ 358.84
Gain (net) on sale of fixed assets.....	2,758.97	10,240.98
Gain on sale of investments.....	<u>162,000.00</u>	<u>28,378.70</u>
	168,003.49	38,978.52
	\$1,219,684.00	\$ 764,444.20
Depletion.....	\$ 12,162.52	\$ 21,839.75
Depreciation (Note 2).....	<u>143,013.60</u>	<u>150,072.43</u>
	155,176.12	171,912.18
PROFIT BEFORE PROVISION FOR INCOME TAXES	\$1,064,507.88	\$ 592,532.02
Provision for income taxes.....	310,000.00	184,000.00
NET PROFIT.....	<u>\$ 754,507.88</u>	<u>\$ 408,532.02</u>

NOTES:

- (1) Income and expenditure in U.S.A. currency are expressed dollar for dollar in Canadian currency, but the net gain on exchange has been added to operating profit, thus converting such figure and the net profit to Canadian currency.
- (2) The Company's policy is to provide for depreciation over the estimated life of the buildings, plant and equipment, such life being substantially determined by the available ore supplies and the rate at which they would be normally recovered.

STATEMENT OF CONSOLIDATED CAPITAL AND EARNED SURPLUS
Year Ended December 31, 1955

CAPITAL SURPLUS:	
Balance at December 31, 1954.....	\$ 326,349.84
Add premium on 2,000 shares issued during the year.....	7,000.00
BALANCE AT DECEMBER 31, 1955.....	<u>\$ 333,349.84</u>
EARNED SURPLUS:	
Balance at December 31, 1954.....	\$1,580,732.57
Add net profit for the year, per statement of Consolidated Income.....	754,507.88
	\$2,335,240.45
Deduct dividends paid, totalling 50 cents per share.....	225,116.06
BALANCE AT DECEMBER 31, 1955.....	<u>\$2,110,124.39</u>
COMBINED AMOUNTS AT DECEMBER 31, 1955:	
Capital surplus.....	\$ 333,349.84
Earned surplus.....	<u>2,110,124.39</u>
	<u>\$2,443,474.23</u>

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of The Granby Consolidated Mining, Smelting and Power Company, Limited, and its wholly-owned subsidiary companies as of December 31, 1955, and the related statements of income and surplus for the year then ended and have obtained all the information and explanations we have required. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

We report that, in our opinion, the accompanying consolidated balance sheet is properly drawn up so as to exhibit a true and correct view of the state of the affairs of The Granby Consolidated Mining, Smelting and Power Company, Limited and its wholly-owned subsidiary companies at December 31, 1955, and the accompanying statements of consolidated income and consolidated surplus present fairly the results of the operations for the year, according to the best of our information and the explanations given to us and as shown by the books of the companies and in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PEAT, MARWICK, MITCHELL & CO.

"SAMUEL J. BROAD"

Vancouver, B.C., February 3, 1956.

EXTRACT FROM REPORT TO SHAREHOLDERS DATED FEBRUARY 23rd, 1956

We submit herewith a report of the operations of your Company for the year 1955 and the audited financial statements. A copy of the Annual Report of Granduc Mines, Limited (N.P.L.) is supplied for your information.

It is gratifying to note that after providing \$155,176.12 for depreciation and depletion, and \$391,054.98 for taxes, there was a net profit transferred to surplus of \$754,507.88 or \$1.67 per share, compared with \$408,532.02 for 1954. Over half of this profit was made during the last quarter of the year as the result of the higher copper prices which then prevailed. Two dividends of 25 cents per share each were paid on June 1st and December 1st, 1955. There were 1,968,409 tons of ore treated with an average copper content of .72 per cent, from which 21,408,942 pounds of saleable metal was produced.

The Company's financial position continues to be strong with current assets, as of December 31, 1955, of \$4,438,533.77, of which cash and government bonds alone totalled \$2,881,658.51 against total current liabilities of \$689,513.39, indicating a net working capital of \$3,749,020.38.

At the year end the Company held 500,000 shares of Granduc Mines, Limited, and an option to purchase 140,000 additional Granduc shares at \$2.00 per share until July 1st, 1956, from the original owners of the property. Granby also holds options to purchase the following shares from the Granduc treasury:

200,000	shares at \$2.50 per share, until July 1, 1957;
200,000	shares at \$2.75 per share, until July 1, 1958;
124,997½	shares at \$2.80 per share, until December 1, 1958.

The sum of \$125,000.00 was advanced to the Granore Company, a wholly owned subsidiary in the United States, against their notes, to provide funds for their activities in the State of Washington.

The value of the United States dollar in terms of Canadian money improved sharply during the year. The rate for converting United States funds into Canadian decreased from 3-15/32 percent in January to only ¼ percent late in 1955. As all Granby's copper was sold for United States dollars, this improved exchange situation was a material factor in better 1955 Granby operating results.

The President of the Company exercised his option to purchase 2,000 shares of the unissued capital stock, thus bringing the total number of issued shares to 452,260.65.

Copper Mountain Mine

The amount of development work completed during 1955 is tabulated below in comparison with the previous year:

	1955	1954
Core Drilling — Surface.....	23,906 feet	13,779 feet
Core Drilling — Underground.....	2,578	7,345
Drifts and Crosscuts.....	3,287	2,059
Raising.....	5,240	6,844

The ore which was treated during the year was derived from the following sources:

	<i>Per cent of Total Shipments</i>	<i>Grade % Copper</i>
Stoping.....	38.37%	0.78
Overdraw.....	17.94	0.58
Development and Miscellaneous.....	1.17	0.58
Open Pits and Waste Dump.....	42.52	0.73

At the year end ore reserves amount to 1,160,000 tons with an average grade of .79 percent copper. Of these ore reserves, 768,000 tons are located in the open pits on surface. During the year, production from these sources was expanded in order to maintain a satisfactory production ratio between ore on the surface and underground and, as a result, during the latter part of the year production from the open pits was about 50 percent of the total.

The waste dump contributed 174,754 tons to the year's production, having an average grade of .074% copper. Even at high copper prices only a small profit can be realized from this material since the recovery of copper from this source is extremely low due to the oxidized character of the ore. There may be as much as 800,000 tons of this material remaining, from which it is planned to supplement future production as conditions permit.

At the current rates of production, the ore reserves indicate a life of about eight months, so it is obvious that the future of the property is going to depend upon finding new ore or on treating material previously considered to be waste. It was impossible to direct any major effort toward finding new ore during the early part of 1955 and still conduct the Company's operations at a profit, but with high copper prices the search for new ore became economically justifiable and exploration was resumed. The number of men on the payroll was increased as rapidly as possible, an extra diamond drill was placed on surface, and a program of looking for ore by means of long percussion drilling was inaugurated in the mine. This latter technique largely replaced diamond drill holes underground for depths of 100 feet or less. Two long drifts were started; one of these on the 4th level was directed toward the area underneath No. 2 open pit to explore the downward extensions of the ore being mined here, for if this ore continues to depth it could be of major importance. The second drift is being driven on the 6th level to reopen the south portion of the mine which has been caved for many years. Drawing in this area was stopped many years ago when the grade dropped to about 1 percent and it is hoped that reopening this country will provide a substantial source of good grade overdraw. In addition to the diamond drill on surface, a substantial amount of rock was stripped with bulldozers so that it could be carefully sampled and examined, although results here were not impressive. Copper Mountain has been explored in considerable detail and the area that is left in which major ore bodies might be found is becoming more and more limited each year.

Copper Sales

Early in 1953 the Company entered into a contract with the General Services Administration, an agency of the United States Government, to deliver from 1953 and 1954 production approximately 43 million pounds of copper at 30 cents per pound. Some 38 million pounds have been so delivered, with the balance being repeatedly deferred at this agency's request. The metal so deferred was sold to consumers in the United States at the then current domestic price under the terms of the various deferments. As a result, the Company still has commitments involving 5 million pounds for delivery in the second quarter of 1956. To apply against this there was 2,729,215 pounds in inventory at year end at the contract price of 30 cents per pound.

It is possible that if the current copper shortage continues there will be further delivery deferments under this G.S.A. contract, although the Company has no assurance that this will be the case. All current copper production not reserved for the G.S.A. contract is being sold as produced at current market prices either in the United States or abroad.

Average sales prices as compared with 1954 are as follows:

	1954	1955
Gold (per oz.).....	\$35.2969	\$34.9149
Silver (per oz.).....	85.238 cents	89.031 cents
Copper (per pound).....	31.270 cents	34.915 cents

Labour

A new labour agreement was negotiated, effective November 1st, 1955, for a period of one year, with the Copper Mountain Miners' Union, an affiliate of the International Union of Mine, Mill & Smelter Workers, which provided for increases in wages amounting to about 4 per cent and some increases in fringe benefits.

Outside Exploration

Your Company has continued to maintain an active exploration department engaged in the search for new ore bodies other than at Copper Mountain. During the year, 62 prospects were examined and at the year end several were held under option or other working agreements. The total cost of outside exploration was \$113,765.99, exclusive of Granduc and the Granore Company.

Your Company took an option to repurchase a part of the property formerly owned by it at Phoenix, B. C., where over 13,000,000 tons of ore was mined between 1900 and 1919. Studies are currently under way in an effort to determine whether or not it will be possible to reopen this old mine.

The Company acquired the right to purchase the low grade copper property known as Copper Island at Babine Lake in North Central British Columbia. Here a brief drilling campaign indicated a very large but extremely low grade ore body. It is planned to resume drilling here in the spring of 1956 and, if the ore body proves to be large enough, production can be considered.

In the Lardeau district of British Columbia 12 short holes were drilled at a silver-lead property when the project was stopped due to unsatisfactory results and the option to purchase was dropped.

The activities of the Granore Company were confined to two properties in the State of Washington. At one of these, located near Index, a drilling program was undertaken whereby one-half the cost of the drilling was provided by an agency of the United States Government. A total of 16,473 feet of drill hole was drilled before a decision was reached to drop the Company's option. The Granore Company also took an option to purchase the Lone Star group of claims, in the State of Washington just south of the Company's old property at Phoenix and adjacent to the International Boundary. Here a drilling campaign was started and at the year end an ore reserve of about 400,000 tons with an average grade of 1% copper had been established which can be mined by open pit methods. In addition, there was about 200,000 tons of slightly higher grade ore that could be mined underground. Drilling was resumed early in 1956 in an effort to increase the ore reserves of open pit ore, so that production can be considered.

Exploration of the ore bodies at Granduc Mines, Limited, was continued from the preceding year and at the year end there was an indicated ore reserve of 25,600,000 tons with an average copper content of 1.62% without allowance for dilution. A shaft to investigate the ore bodies at depth will be sunk in 1956 and at the year end plans were being prepared for the purpose of determining the cost of putting the property into production.

The Rio Blanco property in Chile, in which Granby holds a 6% interest, was optioned to the Cerro de Pasco Copper Company of New York, who are undertaking an examination of the property. At the year end it is understood that a diamond drilling campaign is under consideration.

Respectfully submitted,
"L. T. POSTLE", *President*.
"J. A. C. ROSS", *General Manager*.

